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8 UNITED STATES DISTRICT COURT  
9 SOUTHERN DISTRICT OF CALIFORNIA  
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11 SECURITIES AND EXCHANGE  
12 COMMISSION,

13 Plaintiff,

14 v.

15 LOUIS V. SCHOOLER and FIRST  
16 FINANCIAL PLANNING  
17 CORPORATION d/b/a WESTERN  
18 FINANCIAL PLANNING  
19 CORPORATION,

20 Defendants.

Case No.: 3:12-cv-02164-GPC-JMA

**ORDER GRANTING IN PART  
RECEIVER'S MOTION**

**[ECF No. 1545]**

21 Before the Court is a motion by Thomas C. Hebrank ("Receiver"), the Court-  
22 appointed receiver for First Financial Planning Corporation, d/b/a Western Financial  
23 Planning Corporation ("Western"), its subsidiaries and the General Partnerships ("GPs")  
24 listed in Schedule 1 to the Preliminary Injunction Order entered by this Court on March  
25 13, 2013. In his motion, Receiver seeks (1) resolution of the remaining disputed claims,  
26 (2) approval of his proposed allowed claim amounts, and (3) authorization to dissolve the  
27 GPs and related entities. (ECF No. 1545.) As will be discussed further during the  
28 hearing on December 15, 2017, the Court defers a decision regarding the resolution of  
disputed claims and approval of the proposed allowed claim amounts until it can afford

1 the involved investors an adequate opportunity to respond to Receiver's arguments. In  
2 the meantime, for the reasons stated below, the Court AUTHORIZES the Receiver to  
3 transfer the properties held by the GPs to Western, and dissolve the GPs and related  
4 entities.

5 On May 25, 2016, and through subsequent orders, the Court approved the  
6 Receiver's proposed plan to initiate orderly sales of GP properties, distribute receivership  
7 assets to investors, and administer investor claims. (ECF No. 1304.) The Receiver has  
8 since sold various GP properties and administered the investors' claims. The Receiver  
9 now asks for approval to transfer all GP assets into Western and dissolve and close the  
10 GPs and related entities. The Receiver argues that dissolution of the GPs is appropriate  
11 because their operation imposes "considerable expense" through fees for annual tax  
12 return and K-1 statement preparation, which amounts to more than \$100,000 per year.  
13 (ECF No. 1545-1 at 2, 12.) The Receiver further explains that the GPs no longer "serve a  
14 purpose" because investors' claims are against the receivership estate as a whole. (*Id.* at  
15 2.) Thus, dissolving the GPs and shifting all of the receivership's assets into one entity—  
16 Western—will have a net positive effect on distributions to investors pursuant to the "one  
17 pot" procedure already approved by the Court. The S.E.C. has filed a notice indicating  
18 that it does not oppose this request, and agrees that dissolution of the GPs will avoid  
19 unnecessary tax compliance costs and preserve funds to be distributed to investors as  
20 appropriate. (ECF No. 1553.)

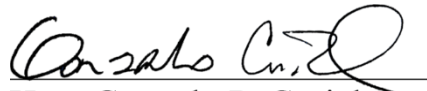
21 The "primary purpose of equity receiverships is to promote orderly and efficient  
22 administration of the estate by the district court for the benefit of creditors." *Secs. &*  
23 *Exch. Comm'n v. Hardy*, 803 F.2d 1034, 1038 (9th Cir. 1986). The Court possesses  
24 broad "power to supervise an equity receivership and to determine the appropriate action  
25 to be taken in the administration of the receivership." *Secs. & Exch. Comm'n v. Capital*  
26 *Consultants, LLC*, 397 F.3d 733, 750 (9th Cir. 2005). In light of the Court's broad  
27 powers in this context and the requirement that its actions be guided by efficient  
28 administration and protection of creditors, the Court concludes that dissolution of the GPs

1 is appropriate. Transferring all GP assets to Western, and dissolving and closing the GPs,  
2 is in the interest of efficient administration and the preservation of Receivership funds.  
3 As discussed above, the Receiver indicates in his declaration that \$100,000 can be saved  
4 each year by avoiding the tax preparation work that would be necessary if the GPs remain  
5 open. (ECF No. 1545-2 at 9–10.) Because the GPs no longer serve any purpose, their  
6 continued existence and operation serve only as a drain on receivership funds. As a  
7 result, if the GPs are dissolved and all assets are pooled into one entity—here, Western—  
8 investors will benefit by retaining funds to be distributed according to the “one pot”  
9 procedure. Because dissolution of the GPs will have only a positive effect on the  
10 receivership’s ability to pay out investor claims, the Court concludes that the Receiver’s  
11 request should be granted.

12 The Court **AUTHORIZES** the Receiver to transfer the properties held by the GPs  
13 to Western, prepare and file final tax returns for the GPs and related entities, and formally  
14 dissolve and close the GPs and related entities, including executing any and all  
15 documents as may be necessary and appropriate to do so.

16 **IT IS SO ORDERED.**

17 Dated: December 11, 2017

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19 Hon. Gonzalo P. Curiel  
20 United States District Judge  
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